Operational Review Fleet Management

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Background:

The review team began by studying an overview of the Commonwealth's fleet to include size, composition, costs, policies and maintenance program. Reports available from various state agencies showed that over the past three fiscal years, the Commonwealth has spent over $45 million on vehicle repair and maintenance according to the Department of Accounts. In addition, the Commonwealth employs over 400 vehicle maintenance and repair technicians and has over 200 facilities identified as some type of vehicle maintenance facility and/or garage.

The team also reviewed the recommendations and findings issued in the Operational Review of Fleet Management completed on September 15, 2007.

Previous to 2005, the DGS Office of Fleet Management Services (OFMS) operated as many state agencies do today. Most processes were manual, maintenance responsibility was up to the driver and documentation and data collection was limited. In 2005 OFMS went through a complete reengineering of its processes with a focus on an enterprise approach to managing the Commonwealth's vehicles. OFMS implemented a robust fleet management software program that tracks all vehicle costs to include mileage, fuel, maintenance, acquisition, depreciation and residual costs.

OFMS also established a public-private partnership between DGS and a private sector vehicle maintenance provider to manage vehicle maintenance requirements for OFMS vehicles. The Vehicle Management Control Center (VMCC) is a 24/7 call-center based program that handles all of the OFMS vehicle needs while tracking vehicle data and providing oversight to vehicle repair costs. The VMCC has a network of approximately 800 independent vendors across the Commonwealth to provide maintenance to Commonwealth vehicles. The VMCC has been successful at not only providing state drivers a customer friendly resource for accidents, breakdowns and vehicle repairs; it has also driven down maintenance costs for DGS.
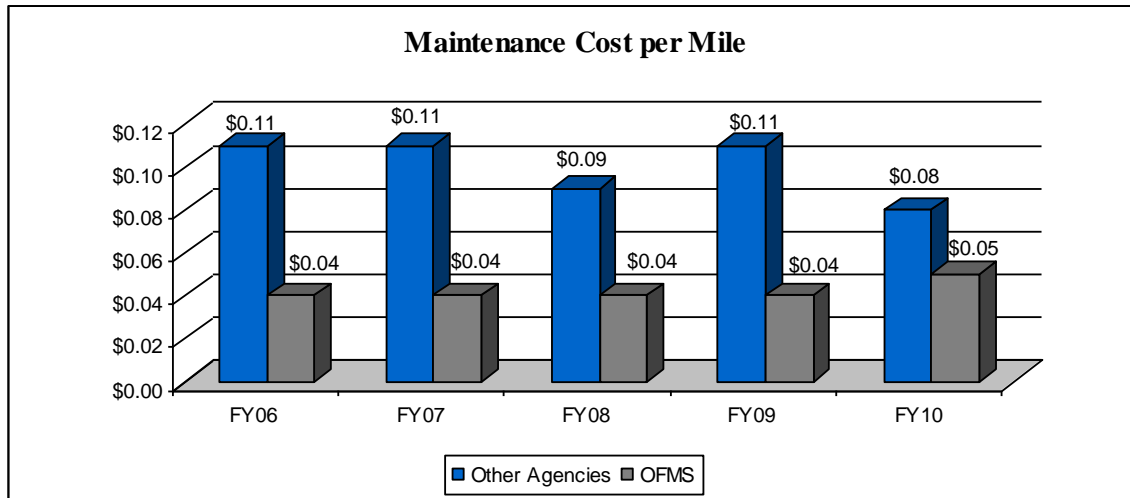
Best practices:

Best practices implemented by the DGS, OFMS that have produced a cost savings within the Commonwealth.
- Detailed Fleet Data Collection
- Oversight for Maintenance Repairs –VMCC
- 24/7 Services - VMCC
- Outsource Partners
- Outsource Network of Vendors
- Leveraged Buying Power - Fuel and maintenance services
- State-wide Availability of Programs - Enterprise

Accomplishments:

From FY06 thru FY10, the DGS maintenance cost per mile averaged to $0.042 while all other agency costs averaged $0.10 per mile. This cost differential can be attributed to the cost cutting and efficiencies seen through the VMCC program as well as accurate data collection. The data for this comparison is provided by each agency by cost code.

Maintenance Cost per Mile

Fiscal Year	Other Agencies	OFMS
FY06	$0.11	$0.04
FY07	$0.11	$0.04
FY08	$0.09	$0.04
FY09	$0.11	$0.04
FY10	$0.08	$0.05

DGS has also focused on other related areas to find efficiencies and cost savings for agencies. DGS established a short term vehicle rental solution thru Enterprise rental car in 2006. This solution allows agencies to rent vehicles state-wide from any Enterprise location at contracted prices. This provides agencies an alternative to the personal reimbursement method that was not previously available. In the past two fiscal years, this program has produced a cost avoidance of approximately $1.2 million when compared to the alternative personal reimbursement costs.

In 2009, DGS was directed by the General Assembly to procure, through a competitive procurement process, gasoline and diesel fuel for state and local government entities. DGS conducted the procurement process and on August 11, 2010 awarded contracts for bulk gasoline and diesel fuel purchased to fill state and local government owned bulk fuel tanks and a fuel card contract for the purchase of fuel from commercial retail fuel providers. Through aggregating the volume, the resulting contracts were able to reduce the contract differential by an average of 18% for gasoline and 34% for diesel when compared to the statewide fuel contracts the DGS contracts replaced.

Recommendations:

During the initial discussions with the operational review team, the team concluded that there was insufficient data to begin benchmarking aspects of the state's fleet or developing specific recommendations that would lead to substantial savings.

Currently, there is no guidance or standard to what type of data should be captured on each vehicle within the Commonwealth or data to collect to evaluate a state agencies maintenance program. Each agency may have different programs or methodology on how fleet costs and usage data is captured. Data is currently reported to DGS on an annual basis by agencies but the data does not extend past the cost code level for each fleet area (mileage, fuel and maintenance). Although it does provide a high level review, this data does not provide the detail required to compare the cost drivers within each agency.

Proper data collection will allow the team to make more specific recommendations in the following areas:

- Cost management: Comprehensive transaction information helps determine total life cycle costs, analyze cost trends, identify cost savings opportunities, implement actions to lower fleet costs, and track progress toward meeting fleet and business objectives.

- Policy management: Data capture provides the information foundation for transaction and exception reporting to monitor and enforce fleet policies.

- Data integration: Data capture on all fleet transactions provides integrated data for better decision-making through real-time, multi-level access to accurate, actionable information.

- Benchmarking: Transaction and cost information captured in an information management system provides meaningful benchmarks for both internal measurement and comparison with like organizations.

The team determined that it is best to begin by having agencies provide more detailed data to the committiee. That data will then be used to determine best practices within the fleet and make specific recomendations.

The review team made the following recommendations:

- That the Commonwealth performs an inventory of resources and assets in support of vehicle maintenance operations. (e.g. facilities, FTE, vehicles, automated fleet management systems)

- That DGS, with assistance from VDOT, and other state agencies and institutions of higher education interested in participating with DGS and VDOT, develop an asset survey tool to collect data needed to perform operational and cost analysis related to vehicle fleet management operations. DGS and VDOT should work towards developing this tool and having ready for distribution to state agencies and institutions of higher education no later than March 1, 2011.

- All executive branch state agencies and institutions of higher education should be instructed to complete the prepared survey tool and return their data response to DGS no later than April 1, 2011.

- DGS will be prepared to report to the Consolidation of Shared Services committee findings from the conducted survey, and make recommendations on next steps based on provided data no later than June 30, 2011.

- DGS has shown in its state of the fleet reports over the past three years that it is performing vehicle maintenance services on passenger type vehicles more cost effectively than those agencies that have reported their cost data as part of the state of the fleet report. If the results of the survey show that it is more cost effective and operationally viable for vehicles to be centrally managed, executive branch agencies and institutions of higher education agencies should be directed to use the DGS service for fleet management. In addition, DGS shall make their maintenance service model available to localities and other public entities if such entities request that DGS maintain their fleet.

- That the Fleet Management Task Force team remains involved in providing additional analysis and recommendations after the data collection effort is complete.